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Scott Walker, Governor
Scott Baumbach, Secretary

August 22, 2011

To: Governor's Commission on Waste, Fraud and Abuse

From: Department of Workforce Development

Subject: Unemployment Insurance System Errors – Department Recommendations for Improvement

We have reviewed the discussion paper provided by Chairman Rakowski concerning the level of improper payments made by the Division of Unemployment Insurance. We feel that the following recommendations will substantially reduce both our improper payment error rate and the amount of overpayments through earlier detection and collection.

- ◆ Ended the Quick Claim process - prior to ending the Quick Claim, claimants could report that there was no change to their claiming status instead of responding to each of the weekly certification questions, primarily – Were you able to work full-time and available for full-time work?
- ◆ Supplemented ten project position staff to the Cross Match Unit in an effort to review all potential overpayments. The State Directory of New Hire (SDNH) is the most effective reporting tool to detect and minimize overpayments and we plan to increase the frequency of running this from weekly to daily.
- ◆ Based on SDNH and NDNH information, send an automated letter to both claimant and employer within one business day that we are aware of a potential hire. Implementation date December 2011. With future automation, we will flag the claim to prevent payment until we verify whether the claimant is working.
- ◆ Implement SIDES (State Information Data Exchange System) – this application will automate the exchange of separation information from large 3rd party providers and very large employers. Implementation date December 2011.
- ◆ Implement a one week waiting period- January 2012.
- ◆ Expand work search reporting.
- ◆ Request additional permanent Federally funded positions to:
 - Timely review eligibility reports
 - Collect overpayments
 - Investigate and prepare fraud cases for prosecution
- ◆ Implement a statewide messaging campaign for claimants and employers.
 - Educate claimants on their responsibility to report work and wages if claiming benefits.
 - Educate employers on their responsibility to respond promptly to requests for separation and wage information.

- ◆ Propose a data sharing agreement with the Department of Justice, Criminal Investigation Bureau to match UI claimants against social security numbers received daily from jail bookings. This cross match could dramatically improve our ability to stop fraudulent claims by jail inmates.
- ◆ Re-engineer and build a new benefit and legal software application with an emphasis on "self service". Planning phase – now. Multiple projects to be completed over the next 3 – 5 years. The current mainframe application is over 25 years old. This application is inefficient, does not meet our business requirements and cannot be modified quickly enough to respond to program modifications or law changes.